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Volume 12

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
JUNE 1968

U.S. DEPT. OF AGRICULTURE
NATIONAL MARKETING AREA

Number 11

Released Pursuant to \$1090.72(j) and \$1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

SEP 10 1968
CURRENT SERIAL RECORDS

MARKET SUMMARY - JUNE 1968

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$5.96 and Excess Milk - \$4.14. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 28 cents and 81 cents respectively above June 1967.

In June 1968, 72.1% of the producer milk received by pool plants was priced in Class I at \$6.44 per cwt. and 27.9% was priced in Class II at \$4.18 per cwt. The June butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Total producer milk received during June 1968 was 18,011,378 pounds which is an increase of 463,596 pounds or 2.6% compared with June 1967. Deliveries of producer Base milk exceeded producer milk used in Class I by 3,392,646 pounds or percentagewise only 79.3% of Base milk was used in Class I. The June daily average deliveries from 537 producers was 1,118 pounds. This compares to 552 farms delivering a daily average of 1,060 pounds per day during June 1967.

OTHER ORDER NEWS

GEORGIA FEDERAL ORDER PROPOSED - The U. S. Department of Agriculture heard proposals during June 1968 for a Federal Milk Order to regulate the handling of milk in most of Georgia. Proposals were presented by producer cooperatives and milk handlers. The proposed order would provide for two milk utilization classifications. Also, it would establish marketwide pooling under which all dairy farmers delivering milk to regulated handlers would be paid a uniform blend price.

NEW CHICAGO REGIONAL ORDER - A new regional Federal Order for the Chicago marketing area to be effective July 1, 1968 was issued by the U. S. Department of Agriculture. A referendum was held in which 15,129 dairy farmers voted and 83% of those voting favored its issuance.

The order will set minimum prices to dairy farmers for milk sold in the designated marketing area. Besides the area which was covered by the old Chicago milk order, which was terminated in May 1966, the new marketing area will include the areas now covered by the Northwestern Indiana, Rock River Valley, (Ill.-Wis.), Milwaukee, Wisconsin, Northeastern Wisconsin and Madison, Wisconsin Federal milk orders. The order provides a marketwide pool for paying all dairy farmers the same basic price per hundredweight, regardless of how their milk is used in the market. In general, Class I will be milk for fluid, or bottling use, and Class II will be milk for manufacturing use.

HOUSTON, TEXAS ORDER RECOMMENDED - The establishment of a new Federal milk order for the Houston area has been recommended by USDA. The recommended order would establish marketwide pooling so that all dairy farmers supplying milk to the area would be paid the same basic price per hundredweight, regardless of how their milk is used.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% June '68 over June '67	June 1968 11	May 1968 11	June 1967 8
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 2.6	600,379	638,981	584,926
Other Source	- 1.6	25,971	27,989	26,406
Other Federal Orders	+ 172.3	172,320	138,998	63,292
TOTAL MILK RECEIPTS	+ 18.4	798,670	805,968	674,624
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 0.6	346,401	379,847	344,290
Skim - Regular	+ 16.6	19,456	20,314	16,687
Skim - 2% Milk	+ 20.8	41,082	39,156	34,017
Buttermilk	+ 4.7	45,496	44,763	43,439
Flavored Milk and Drink	+ 12.6	14,840	13,969	13,185
Creams (Sweet and Sour)	- 1.2	2,983	3,375	3,059
Sub-Total - Pkg. Products (Pool Plants)	+ 3.4	470,258	501,424	454,677
Other (Shrinkage, Inventory, etc.)		1,491	1,046	1,365
Sales to Non-Pool Plants		58,975	26,773	25,966
In-Area Sales by Non-Pool Plants		2,947	4,442	1,474
TOTAL CLASS I MILK	+ 10.4	533,671	533,685	483,482
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	- 0.3	53,801	47,631	53,963
Cottage Cheese	+ 3.0	36,665	36,090	35,594
Powdered and Condensed Milk		84,492	101,741	37,580
Livestock Feed and Skim Dumped		7,717	6,858	8,316
Sub-Total - Used to Produce	+ 34.9	182,675	192,320	135,453
Shrinkage Class II		12,721	11,265	8,221
Other (Inventory Variation, etc.)		19,157	(12,879)	(9,926)
Bulk Sales to Non-Pool Plants		50,446	81,577	57,394
TOTAL CLASS II MILK	+ 38.6	264,999	272,283	191,142
Class I Pounds in Area - Pool Plants	+ 2.3	280,071	298,466	273,903
Class I Pounds Out of Area - Pool Plants	+ 20.4	250,653	230,777	208,105
Class I Pounds in Area - Non-Pool Plants		2,947	4,442	1,474
% Producer Milk of Gross Class I		112.5	119.7	121.0
% Producer Milk Priced in Class I		72.1	73.2	76.0

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$1090.51(a) Amended</u>	<u>July '68</u>	<u>June '68</u>	<u>July '67</u>
Basic Formula 1/	\$4.33	\$4.33	\$4.05
Plus Class I Differential 2/	1.95	1.95	1.95
Supply-Demand Adjustment	0.24	0.16	0.24
Class I Price, 3.5% Butterfat	\$6.52	\$6.44	\$6.24

JULY 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: April and May	
Supply: Lbs. Producer Milk (Apr. 19,619,975 and May 19,808,403)	39,428,378
Demand: Lbs. Net Class I Milk (Apr. 15,826,389 and May 16,406,552)	32,232,941
Utilization Percentage: Producer milk divided by Class I	122
Standard Utilization Percentage: Range 134-138	134
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 12
Supply-Demand Adjustment: 2 cents x 12 percentage points	Plus \$0.24

1/ Basic Formula "Floor" per Order Amendments

2/ Increased 20 cents - May 1967 through April 1969

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

JUNE 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		16,010,138	3.373		
Less Other Source		3,022,616	3.275		
Producer Milk Class I	72.1	12,987,522	3.396013	\$6.350571	\$ 824,781.81
Gross Class II		7,949,978	4.363		
Less Other Source		2,926,122	3.388		
Producer Milk Class II	27.9	5,023,856	4.930953	5.267524	264,632.82
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	18,011,378	3.824149		\$1,089,414.63
Plus Fractional Adjustment					.11
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		317,138			15,422.07
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,011.39
TOTAL VALUE AT TEST		18,328,516	3.786810	\$6.071676	\$1,112,848.20
Less Test over 3.5% @ 8.2¢ per point		18,328,516	.286810	.235184	43,105.74
TOTAL UTILIZATION VALUE AT 3.5%		18,328,516	3.5	\$5.836492	\$1,069,742.46
Less Reserve Per \$1090.71(f)		18,328,516		.046492	
WEIGHTED AVERAGE PRICE - 3.5% TEST		18,328,516	3.5	\$5.79	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		317,138	3.5	\$5.79	18,362.29
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		18,011,378	3.5		\$1,051,380.17
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,631,210	\$4.18	\$68,184.57	
Total Value of Excess Milk		1,631,210	4.18	68,184.57	
Less Prod.-Settlement Fund Reserve @ 4¢		1,631,210	.04		652.48
UNIFORM EXCESS PRICE - 3.5% TEST		1,631,210	\$4.14		\$ 67,532.09
Total Value of Base Milk		16,380,168	6.002354		983,195.60
Less Producer-Settlement Fund Reserve		16,380,168	.042354		6,937.66
UNIFORM BASE PRICE - 3.5% TEST		16,380,168	\$5.96		\$ 976,257.94

JUNE 1968 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.55	\$3.73	4.0	\$6.37	\$4.55	5.0	\$7.19	\$5.37
3.05	5.591	3.771	4.05	6.411	4.591	5.05	7.231	5.411
3.1	5.632	3.812	4.1	6.452	4.632	5.1	7.272	5.452
3.15	5.673	3.853	4.15	6.493	4.673	5.15	7.313	5.493
3.2	5.714	3.894	4.2	6.534	4.714	5.2	7.354	5.534
3.25	5.755	3.935	4.25	6.575	4.755	5.25	7.395	5.575
3.3	5.796	3.976	4.3	6.616	4.796	5.3	7.436	5.616
3.35	5.837	4.017	4.35	6.657	4.837	5.35	7.477	5.657
3.4	5.878	4.058	4.4	6.698	4.878	5.4	7.518	5.698
3.45	5.919	4.099	4.45	6.739	4.919	5.45	7.559	5.739
3.5	5.96	4.14	4.5	6.78	4.96	5.5	7.60	5.78
3.55	6.001	4.181	4.55	6.821	5.001	5.55	7.641	5.821
3.6	6.042	4.222	4.6	6.862	5.042	5.6	7.682	5.862
3.65	6.083	4.263	4.65	6.903	5.083	5.65	7.723	5.903
3.7	6.124	4.304	4.7	6.944	5.124	5.7	7.764	5.944
3.75	6.165	4.345	4.75	6.985	5.165	5.75	7.805	5.985
3.8	6.206	4.386	4.8	7.026	5.206	5.8	7.846	6.026
3.85	6.247	4.427	4.85	7.067	5.247	5.85	7.887	6.067
3.9	6.288	4.468	4.9	7.108	5.288	5.9	7.928	6.108
3.95	6.329	4.509	4.95	4.149	5.329	5.95	7.969	6.149

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
June '67	\$5.47 ^{2/}	\$5.68	\$3.33	8.2¢	\$6.16	8.6¢	\$3.37	7.6¢
July	5.56 ^{2/}	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan. '68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 ^{2/}	5.81	3.98	8.2	6.20	8.6	4.02	7.6
Apr.	5.67 ^{2/}	5.89	4.14	8.2	6.28	8.6	4.18	7.6
May	5.90 ^{2/}	6.14	4.15	8.2	6.56	8.6	4.19	7.6
June	5.79 ^{2/}	5.96	4.14	8.2	6.44	8.6	4.18	7.6
July	-	-	-	-	6.52	8.6	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE			
	Chi.92 ⁰	Minn/Wisc	Chi.Area	Basic	(Daily Average)			
	Butter ¢ Lb.	Mfg. Milk \$-cwt-3.5%	Powder ¢ Lb.	Formula ^{4/} \$-cwt-3.5%	Class I Pounds	Test-%	Class II Pounds	Test-%
June '67	66.47	3.96	19.47	4.05	444,378	3.46	140,548	5.30
July	66.47	3.95	19.46	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	19.46	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	19.37	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan. '68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80
Apr.	66.44	4.18	21.96	4.33	474,081	3.44	179,918	4.95
May	66.44	4.19	22.62	4.33	467,606	3.45	171,375	4.85
June	66.44	4.18	22.54	4.33	432,917	3.40	167,462	4.93

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
June '67	8	674,624	483,482	552	584,926	533,490	3.90	1,060	967	93
July	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	9	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan. '68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81
Apr.	11	804,063	531,929	536	653,999	574,609	3.85	1,220	1,072	148
May	11	805,968	533,685	535	638,981	563,280	3.82	1,194	1,053	141
June	11	798,670	533,671	537	600,379	546,005	3.82	1,118	1,017	101

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments